COMMONWEALTH of VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
600 East Broad Street, Suite 1300
Richmond, VA 23219

June 19, 2017

Dear Prospective Respondent:

The Department of Medical Assistance Services (DMAS or the Department) is soliciting responses from organizations interested in providing input into the development of prepayment strategies which could help the Department screen improper Medicaid charges.

This is not a formal solicitation and the Department will not award a contract based on responses to this Request for Information (RFI 2017-02). The Department will use the responses to determine feasibility and potentially inform future improvement actions.

Organizations must check the eVA VBO at http://www.eva.virginia.gov for all official postings or notices regarding this RFI. Posting of such notices will also be done on the DMAS website at http://www.dmas.virginia.gov/Content_pgs/rfp.aspx but the eVA VBO is the official posting site.

Organizations are requested not to call this office. All issues and questions related to this RFI should be submitted in writing via email to the contact information provided.

If your organization is interested in providing input, you are invited to submit a response to the Department. Responses should be received by **5:00 PM E.S.T. on Friday, July 7, 2017.** Documents should be addressed per the instructions in RFI 2017-02.

The Commonwealth will not pay any costs that any Organization incurs in preparing a response and reserves the right to reject any and all responses received.

Thank you for your interest and assistance with this important topic.

Sincerely,

Whitney Speece
DMAS Contract Officer

REQUEST FOR INFORMATION
RFI 2017-02

Issue Date: June 19, 2017

Title: Prepayment Strategies

Commodity Code(s): 95856, 918049, 91812, 92592

All inquiries should be directed in writing via email in MS Word 2010 or compatible format to: PPA@dmas.virginia.gov

Seon Rockwell, Director of Innovation and Strategy
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Deadline for submitting inquiries: **5:00 PM E.S.T. Monday, June 26, 2017.**

Response Due Date: Responses will be accepted until **5:00 PM E.S.T. Monday, July 7, 2017.**

Submission Method: Responses should be emailed to the RFI contact above.

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

Respondents to this Request for Information (RFI) are hereby notified that all information, documentation, and any specific content or approaches included within RFI responses may be used in future solicitations. Organizations should not submit any proprietary, trade secret or confidential information in their response to any aspect of this RFI. Organizations are responsible for ensuring this requirement is met and the Department will not be held responsible or liable for release of said material in response to subsequent FOIA requests.

Under no circumstances shall the Commonwealth, the Governor's Office, the Secretaries, or the Virginia Department of Medical Assistance Services be liable for, or reimburse, the costs incurred by respondents in preparing and submitting responses to this RFI.

Prepayment Strategies Request for Information

1.0 PURPOSE

This is not a formal solicitation and the Department will not award a contract based on response to this RFI. This is strictly a means for the Department to obtain vendor input into the development of prepayment strategies which could help the Department screen for charges that are fraudulent, abusive, or otherwise outside the scope of allowable expenses. The Department plans to use input provided through this RFI process to inform a Request for Proposal that the Department expects to issue later this year. Currently contracted health plans and health plans interested in contracting with Virginia for Medicaid services are encouraged to respond to this RFI as applicable. Your response is not a commitment by your organization to provide the services as described.

2.0 BACKGROUND

Although no precise measure of health care fraud exists, those intent on abusing State and Federal health care programs can cost Americans a significant amount of tax dollars nationwide while putting beneficiaries' health and welfare at risk. Fraud and abuse within the health care system increases the financial strain on the Commonwealth's Medicaid budget, diverting funds that could otherwise be used for legitimate health services and critical priorities like education and public safety.

As Virginia continues its pursuit of innovative ways to contain Medicaid costs, fighting fraud and abuse offers one approach that has broad-based appeal and support. Various programs have been developed at both the state and federal levels to prevent, identify and prosecute Medicaid fraud and abuse by providers, patients and insurers. While states have traditionally relied upon post-payment audit based models that identify improper claims and then try to recover payment, Virginia is interested in more proactive detection and prevention strategies which would limit such payments from being made in the first place.

The Virginia 2017 annual budget for the Department to administer Medicaid, CHIP and related programs is $9.9 billion with $5.1 billion supported by federal funds. Detecting and preventing improper payments in even a small percentage of that amount would translate into meaningful savings for the Commonwealth.

Recent Virginia legislation (HB2417) highlighted this as an area of opportunity for the Virginia Medicaid program. Relevant legislation is below:

> *§ 32.1-319.1. Department to establish program to use prepayment analytics to mitigate risk of improper payments.*
>
> *A. The Department shall establish a program using prepayment analytics to mitigate the risk of improper payments to providers of services that are paid through the Department's fee-for-service delivery system who commit fraud, abuse, or errors. Such program shall include the use*

of predictive modeling, provider profiling, trend analysis, and other prepayment analytics to identify providers and claims with a high likelihood of fraud, abuse, or error and prevent payments on potentially fraudulent claims from being made until such claims have been validated.

B. The Department may enter into a contract or agreement with a vendor for the operation of the program to mitigate risk of improper payments to providers of services that are paid through the Department's fee-for-service delivery system required by this section.

Reference link: http://lis.virginia.gov/cgi-bin/legp604.exe?171+ful+CHAP0750

Please note that while the legislative language targets the Fee for Service (FFS) population, by January 2018, 90 percent of Virginia Medicaid enrollees will receive services through contracted managed care programs – not fee for service. As such, as part of DMAS' due diligence in exploring the current tools and processes available for prepaid analytics, this RFI and the learning objectives of the Department generally, are not limited strictly to the FFS population and include managed care as well.

3.0 ADDITIONAL CONTEXT ON CURRENT DMAS CAPABILITIES

Managing the risk of fraud, waste and abuse (FWA) is a constant concern for all levels of management of the Commonwealth of Virginia. High-profile health care fraud schemes, public expectations for governmental entities to manage their fraud risks and increased enforcement of Center for Medicaid and Medicare Services (CMS) regulatory requirements nationwide have heightened management's need to identify and focus its response to these risks.

Currently, DMAS uses a complex, multi-faceted approach to prevent and/or detect instances of FWA in Virginia Medicaid that consists of a number of the inter-related components: the DMAS Program Integrity Division; recipient enrollment controls; the Virginia Medicaid and FAMIS-Plus Handbook; provider enrollment controls; the Medicaid Fraud Control Unit of the Office of the Attorney General and local Commonwealth's Attorneys; managed care organizations and their associated contracts; Virginia Death Certificate Data; and the Virginia Medicaid Management Information System (VaMMIS).

VaMMIS is a computerized system that DMAS uses to perform claims processing, information retrieval, and program management support functions. Because the majority of health care fraud is committed by providers, VaMMIS is used to detect fraud and abuse activities through a series of front-end claims verification controls known as "edits." The edits are designed to ensure that providers are appropriately reimbursed for providing only medically necessary services to eligible recipients. These edits include but are not limited to National Correct Coding Initiative (NCCI) and Medically Unlikely Edits (MUE) as defined by CMS. A full list of current VaMMIS edits can be found at http://www.dmas.virginia.gov/Content_pgs/rfp_ven_ref_lib_9f.aspx.

For the purpose of this RFI, DMAS asks vendors not to suggest possible solutions based on NCCI, MUE and/or the VaMMIS edits. Vendors are encouraged to propose solutions that would be incremental to the edits listed above.

4.0 INFORMATION REQUEST

This request for information is focused on understanding strategies, policies, tools, and trends that may help DMAS identify and avoid improper payments <u>before</u> those payments are made. DMAS is particularly interested in understanding more in the following areas, which can help serve as guidelines for the response to this RFI.

A. OPPORTUNITY SIZING AND BACKGROUND:

1. What information, benchmarks, or other tools should DMAS reference to help the agency assess and understand the total amount of improper Medicaid payments that may be avoided?

2. Medicaid is similar to private sector insurance programs but differences exist in terms of populations served and services offered. How do these differences influence the types of improper payments that exist and the ability to mitigate the risk of improper payments?

B. ROOT CAUSES AND EXAMPLES

1. What are the most prevalent root causes that contribute to improper payments in Medicaid and healthcare more broadly?

2. What are the most common examples of improper payments? How can DMAS mitigate the risk of these improper payments through prepayment strategies?

C. STRATEGY:

1. What are the key strategic considerations that DMAS should be aware of in designing programs to mitigate the risk of making improper payments?

2. What are the related policy and program design considerations for programs designed to mitigate the risk of improper payments?

3. What are some best practices other states have used to mitigate the risk of improper payments in a managed care environment? How can DMAS apply this knowledge to influence strategy to mitigate the risk of improper payments in Virginia?

4. How can DMAS take greater advantage of or build upon current capabilities (described in section #3 above) to mitigate the risk of improper payments?

D. TOOLS:

1. What is the universe of industry tools that serve to prevent improper payments? Examples might include tools such as payment system edits, scoring systems, provider "redlining," etc. What are the related pros and cons of such tools?

2. What other tools and strategies exist to mitigate the risk of improper payments that DMAS should consider adopting? What are the related pros and cons of these tools and strategies?

E. MANAGEMENT PROCESSES:

1. What are common management challenges to implement and run a prepayment analytics solution? Please consider challenges facing Medicaid, payers, and providers.

2. Describe recommended management practices and operational processes that are necessary or helpful to administer ongoing prepayment solutions.

F. EXCEPTIONS PROCESSING:

1. What are common supporting activities that help identify and reconcile allowable versus unallowable expenses (and solve for proper payments that may be misclassified as being potentially improper)? What are the related pros and cons of common approaches?

2. Are there tools and activities specifically for providers that allow providers to assume more accountability for reconciling exceptions while still effectively distinguishing allowable versus unallowable expenses?

3. What are best practices for setting thresholds for differentiating appropriate payments from payments that have a high risk of being improper?

4. Please provide a sample workflow including technology components and operational processes. How do prepayment defenses tie into the claims submissions processing and related operational procedures/?

G. DMAS SPECIFIC CONSIDERATIONS:

1. How could an organization screen a subset of DMAS sample data to identify the magnitude of potentially improper payments? What would be entailed in the organization's approach to helping support this?

2. A major portion of the DMAS budget supports payments for long term services and supports and behavioral health. This includes nursing home services, personal care services, respite care services, mental health skill building, and intensive in-home behavioral supports. What prepayment strategies exist across these types of services? How do those prepayment strategies differ for these services?

3. As DMAS executes its strategy to shift programs to managed care, one of the major programs remaining in a Fee for Services (FFS) payment arrangement will be Developmental Disability Waiver program. Please outline specific considerations and recommendations that should be taken into account in developing a prepayment solution for the DD Waiver program.

4. What recommendations do you have for a state that will have 90 percent of its payments processed through contracted managed care organizations? How could a state best optimize a prepayment analytics system?

H. OTHER:

1. Please provide a sample workflow including technology components and operational processes. How do prepayment defenses tie into the claims submissions processing and related operational procedures?

2. What common technical and other change management considerations and risks exist with respect to implementing a prepayment analytics solution?

3. What considerations are important in developing a solution that is flexible and responsive to policy or process changes in the future?

4. Is there other information that would be helpful to DMAS that was not discussed above?

I. RESPONSES TO THE FOLLOWING ARE OPTIONAL:

1. What would be an estimated range of costs associated with development of prepayment strategies to mitigate the risk of improper payments?

2. Please provide any other information that may be helpful to DMAS that was not addressed above.

5.0 KEY RESPONSE REQUIREMENTS

DMAS invites vendors and other entities with experience related to prepayment strategies to prepare and submit a response.

a. **Important Dates:** Questions regarding this RFI should be submitted to PPA@dmas.virginia.gov no later than **5:00 PM E.S.T. on Monday, June 26, 2017.** Responses are due to the department no later than **5:00 PM E.S.T. on Friday, July 7, 2017**.

a. **RFI Contact:** The principal point of contact for this solicitation in DMAS shall be:

Seon Rockwell, Director of Innovation and Strategy
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219
Email: PPA@dmas.virginia.gov

All communications with DMAS regarding this RFI should be directed to the principal point of contact. All RFI content-related questions should be in writing via email to the principal point of contact.

c. **Length of Response:** Responses should be no more than 15 pages, including appendices. The Department may review linked resources beyond the page limits; however, limiting the number of additional linked references would be appreciated.

d. **Format and Number of Copies:** The responder shall email one copy in MS Word 2010 or compatible format by the response date and time specified in this RFI.

e. **Proprietary/Trade Secret/Confidential Information:** All data, materials and documentation originated and prepared for the Department pursuant to this RFI belong exclusively to the Department and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act (FOIA) (Va. *Code* § 2.2- 3700, *et seq.*). ***Therefore, organizations should not submit any proprietary, trade secret, or confidential information in their response to any aspect of this RFI. Organizations are responsible for ensuring this requirement is met and the Department will not be held responsible or liable for release of said material in response to subsequent FOIA requests.***

f. **Submission and Acceptance of Responses:** The responses should arrive at DMAS no later than 5:00 PM. E.S.T. on Friday, July 7, 2017 and be emailed to the RFI contact above using subject line: "Prepayment Strategies RFI."

   Organizations should check the eVA VBO at http://www.eva.virginia.gov for all official postings of addendums or notices regarding this RFI. DMAS also intends to post such notices on the DMAS website at http://www.dmas.virginia.gov/Content_pgs/rfp.aspx, but the eVA VBO is the official posting site that organizations should monitor.

g. **Optional Oral Reviews:** Based on the written responses to this RFI, the Department may invite Respondents onsite for optional oral reviews and discussion. Said discussions will be held solely at the discretion of the Department. Respondents are under no obligation to attend oral reviews.